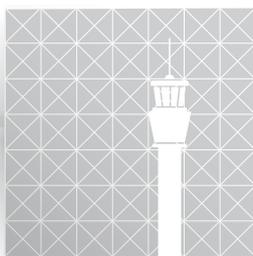
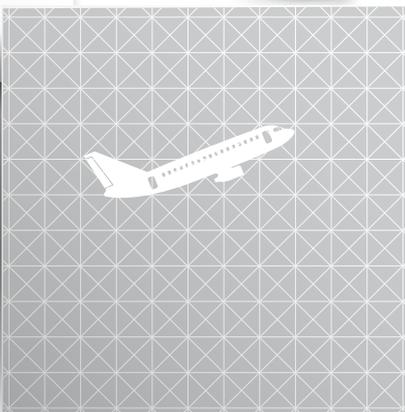
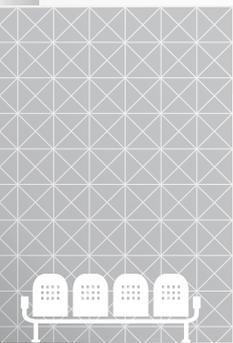
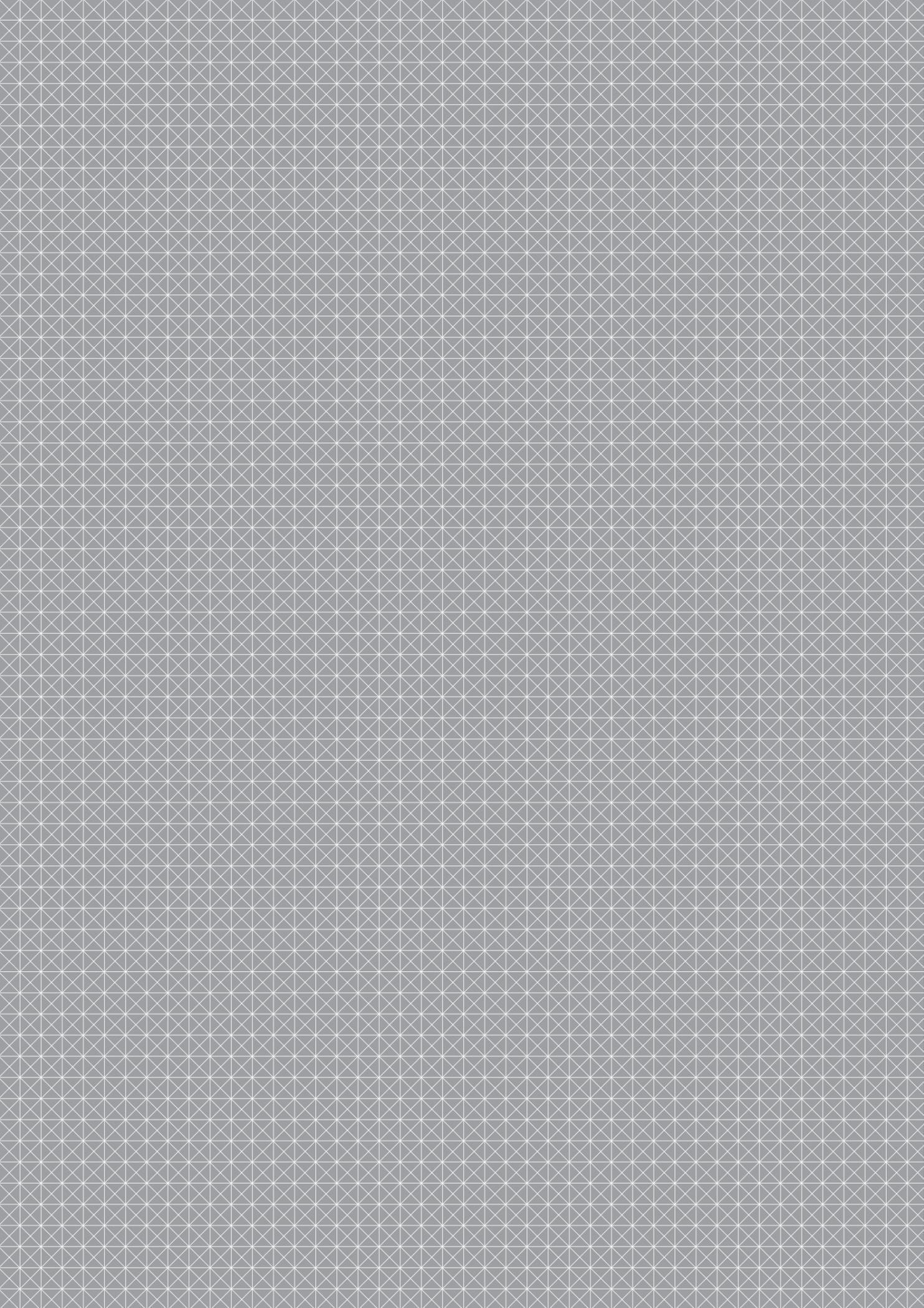


INCHEON AIRPORT

Incheon International Airport Corporation Annual Report

2014 ANNUAL REPORT





Incheon Airport, Loved by the World

Airport Corporation, Trusted by the People

We promise a new vision, moving forward with dreams for the future.

The strength behind the foundation of Incheon Airport that inspired the carving of mountains and reclaiming land from the sea—was the people’s trust. The driving force behind our growth into providing the best quality airport service was our customers’ support and patronage. At Incheon Airport, we take on new challenges and strive for innovation to evolve into a global hub airport by working together through cooperation and positive communication.



Role of the Incheon International Airport Corporation

The Incheon International Airport Corporation is committed to smooth and efficient air transport operations and playing a significant role in South Korea's economic development.

It carries out these functions through the effective management and operation of the airport, by enhancing infrastructure, and through its stable role as a global air transportation leader.

Incheon International Airport Corporation Act, Article 1

CEO'S MESSAGE



Taking on new challenges to become
an airport that is loved by the world, and
an airport corporation that is trusted by the people

Further enhancing our competitiveness to lead the world airport industry

The year 2013 was special to Incheon Airport as we were faced with strong waves of change in the world market. We consolidated our leading position in the Northeast Asian airport market and maintained the highest competitiveness to be at the forefront of the world airport industry by upgrading the efficiency of our airport operations. Not only did we produce an unprecedented accomplishment of being named the Best Airport in the ASQ survey for the ninth consecutive year, but we also began our third-phase construction project in full-scale with the goal of becoming a future airport that combines smart, green, and eco elements. When the second passenger terminal is completed in 2017 by converging advanced technology, natural components and culture, we will lay the foundation to be a global hub airport.

Producing yearly achievements to match our status as the world's best

Incheon Airport has grown into an enormous international airport that has been used by more than 40 million people per annum in only 13 years since its opening in 2001. It has maintained rapid annual passenger growth of 6.4%. We recorded 41.48 million total passengers and 7.71 million transfer passengers in 2013, positioning ourselves as a leading hub airport in Northeast Asia with a broad aviation network connecting 182 cities in 58 countries around the world. International passengers and transfer passengers increased over the year by 6.4% and 12.5%, respectively, and international cargo also rose due primarily to the expansion of imports and exports. Going forward, we will continue our diversified efforts focused on the development of the national economy by strengthening cooperation with airlines and global logistics companies. This will involve attracting new cargo routes, increasing air cargo throughput, and expanding transshipment cargo.

The ultimate service with the best attitude

Incheon Airport has succeeded in its record of accident- and disaster-free operations by establishing a seamless safety management system and emphasizing a culture of safety. This includes achieving 110,000 non-stop hours commanding our air navigation safety facilities and a grand total of over 2,400,000 accident-free flights. In addition, we have maintained extremely fast times for clearing immigration as a result of swiftly responding to a rise in passengers. For example, we introduced self-service check-ins and an automated immigration system, while converting a portion of flight check-in counters from domestic to international. Such safe and convenient services have been made possible by the efforts of more than 40,000 airport resident staff members of 23 organizations and over 900 companies who have built an organic collaboration and communication system with an aim to be the best in the world. We will continue to reward the support of our customers by offering the ultimate in satisfaction and values that exceed the expectations of all.

It takes more than just numbers alone to determine the greatness of a truly global airport. A successful airport must represent the center of world airport history, transcending boundaries and contributing to the development of the world economy and cultural exchange. Our bold challenge of creating an airport by reclaiming land from the sea 20 years ago has yielded our outcome a hub airport in Northeast Asia today. Likewise, we will continue building an airport that is loved by the world and an airport corporation that is trusted by the people, with new passion and a spirit of challenge.

President & CEO **Park Wan-su**

MANAGEMENT

Practicing responsible management
with communications and harmony



President & CEO
Park Wan-su

Chief Corporate Auditor
Hong-On Kim

Executive Vice President
Ho-Jin Lee

Vice President of
Marketing Division
Kwang-Soo Lee

Vice President
of Airport
Operations Division
Seong-Kag Hong



Vice President of
Facilities Division
Young-Ung Kim

Vice President
of Construction
Division
Sang-Kyu Lee

Executive Director of
Safety &
Security Division
Do-Kyun Na

Executive Director of
Planning &
Coordination Group
Nam-Soo Lim

Executive Director of
Public Relations Group
J J Ahn



INCHEON AIRPORT

Incheon International Airport Corporation
Annual Report 2014

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HISTORY OF INCHEON AIRPORT

Presenting a new future as an airport
of the world and a trusted national company

1992



June 1992
Confirmed master plan for construction of airport



October 1994
Completed construction of 13.4-kilometer-long flood-control seawall



May 1996
Began construction of passenger terminal



September 1999
Completed framework of passenger terminal

June 2000
Concluded construction of airport infrastructures



March 2001
Grand Opening



September 2003
Became the first airport in Asia to operate CAT-IIIb



March 2006
Launched Incheon Airport Free Trade Zone

June 2008
Finished second-phase construction



Incheon Airport has become the new standard for airports around the world. Our change and innovation reflecting a brighter future continue today. We focus on moving forward with the times by embracing the new spirit of the age, and forge history by continuously leading international standards and trends.

February 2009
Signed advisory and support agreement for the operation of Iraq's new Erbil International Airport



June 2012
Total amount of baggage exceeded 300 million



September 2013
Commenced construction of second passenger terminal



December 2013
Annual number of passengers surpassed 40 million mark

May 2014
Named as the Best Airport in ASQ survey for 9 consecutive years



May 2014
Hosted ACI Asia-Pacific/World Annual General Assembly Conference and Exhibition



August 2014
Total number of passengers surpassed 400 million mark



October 2014
Hosted TIACA Air Cargo Forum & Exposition



2014

STATISTICS

Plane movements

(Unit: flights)

In 2013, our total number of flights increased to 271,224, a 6.8% rise from the previous year. We also welcomed seven new airlines, including American Airlines, which leads the world in daily flight numbers, Ethiopian Airlines, Ethiopia's flag carrier, and Scoot, a Singapore-based low-cost carrier (LCC). Additionally, we strengthened our airport network through the expansion of new routes such as Colombo-Malé by Korean Air, and Danang by Vietnam Airlines.

2001	86,839
2009	198,918
2010	214,835
2011	229,580
2012	254,037
2013	271,224

Passengers

(Unit: people)

The number of passengers using Incheon Airport surpassed the 40 million mark in 2013, signaling its entry into the rank of large airports. It grew to 41,482,828, up 6.4% from the previous year, and 2.7 times the figure in 2001, our inaugural year. Analyses show that the steady growth of visitor traffic was affected by the growth of low cost carriers, an increase in Chinese tourists and connecting travelers, and a rise in domestic passengers resulting from stronger Korean won.

2001	14,544,346
2009	28,549,770
2010	33,478,925
2011	35,062,366
2012	38,970,864
2013	41,482,828

Transfer passengers

(Unit: people)

Incheon Airport carried out multilateral promotion programs to secure continuous demand for transfers and confront the accelerating competition with neighboring airports. This involved developing new transfer routes such as the Americas-Southeast Asia, and operating free transfer tours in collaboration with various organizations including the Ministry of Land, Infrastructure and Transport and the Seoul Metropolitan Government. As a result, our number of transfer passengers surged by 12.5% year on year to record 7.71 million in 2013. We also won recognition for our transfer infrastructures, ranking first in 'The World's Best Airport For Transit Passengers' category at the Skytrax World Airport Awards.

2001	1,626,642
2009	5,200,169
2010	5,193,151
2011	5,662,722
2012	6,856,046
2013	7,710,250

Cargo volume

(Unit: tons)

In order to respond to an ongoing decline in our international cargo volume since 2010, we've implemented diversified marketing efforts. These included attracting the Asia Delivery Center of Johnson Matthey Catalyst Korea, a member of the global Johnson Matthey group, reducing and exempting landing and parking charges, and providing incentives to cargo carriers. As a result, we succeeded in reversing the downward trend, albeit slightly, with our international cargo transport volume totaling 2,464,385 tons, a 0.3% increase of 7,661 tons from 2013.

2001	1,191,395
2009	2,313,001
2010	2,684,499
2011	2,539,222
2012	2,456,724
2013	2,464,385

FINANCIAL HIGHLIGHTS

Achieving high performance through responsible management

In 2013, Incheon Airport not only produced over KRW 1 trillion in revenue for the seventh consecutive year, but also operated in the black for the tenth year in a row, posting KRW 1.6029 trillion in revenue and KRW 472.1 billion in net income. We also boosted our financial soundness by repaying debts, backed by our increased profits, and improved our debt ratio from our opening figure of 166% to 40.2%.

(Unit: Billions KRW)

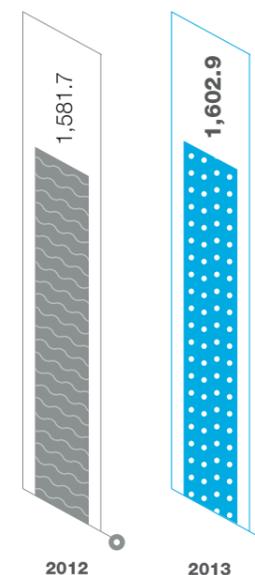
	2013	2012	Change
Business Performance			
Revenue	1,602.9	1,581.7	1.3%
Gross Profit	929.2	897.2	3.6%
Operating Profit	814.5	797.8	2.1%
Profit for the Year	472.1	499.4	-5.5%
Financial Status			
Current Assets	219.6	354.2	-38.0%
Non-Current Assets	7,520.5	7,500.3	0.3%
Total Assets	7,740.1	7,854.5	-1.5%
Current Liabilities	709.6	674.3	5.2%
Non-Current Liabilities	1,508.4	2,008.0	-24.9%
Total Liabilities	2,218.0	2,682.3	-17.3%
Total Equity	5,522.1	5,172.2	6.8%

* 2012~2013 figures are based on K-IFRS.

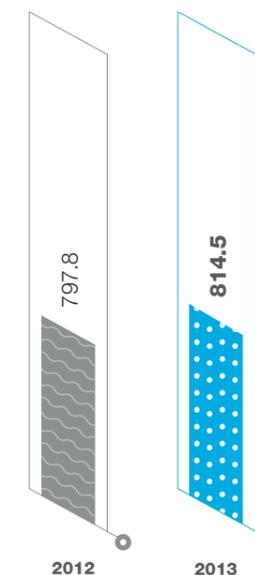
* The above results do not include those of the airport's consolidated subsidiary.

(Unit: Billions KRW)

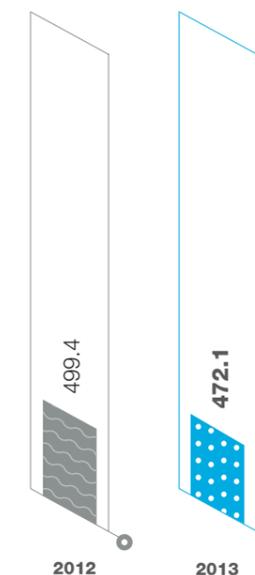
Revenue



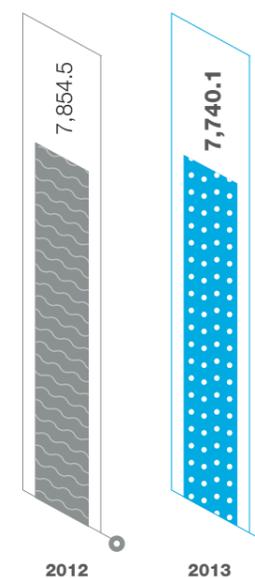
Operating Profit



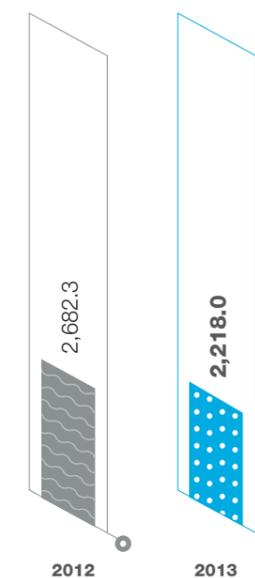
Profit for the Year



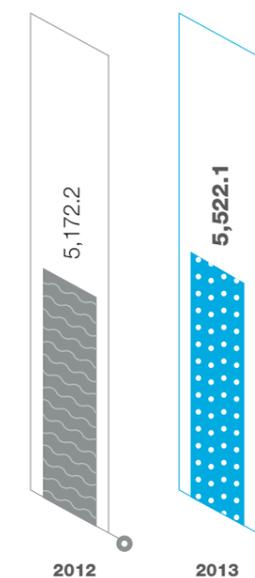
Total Assets



Total Liabilities



Total Equity

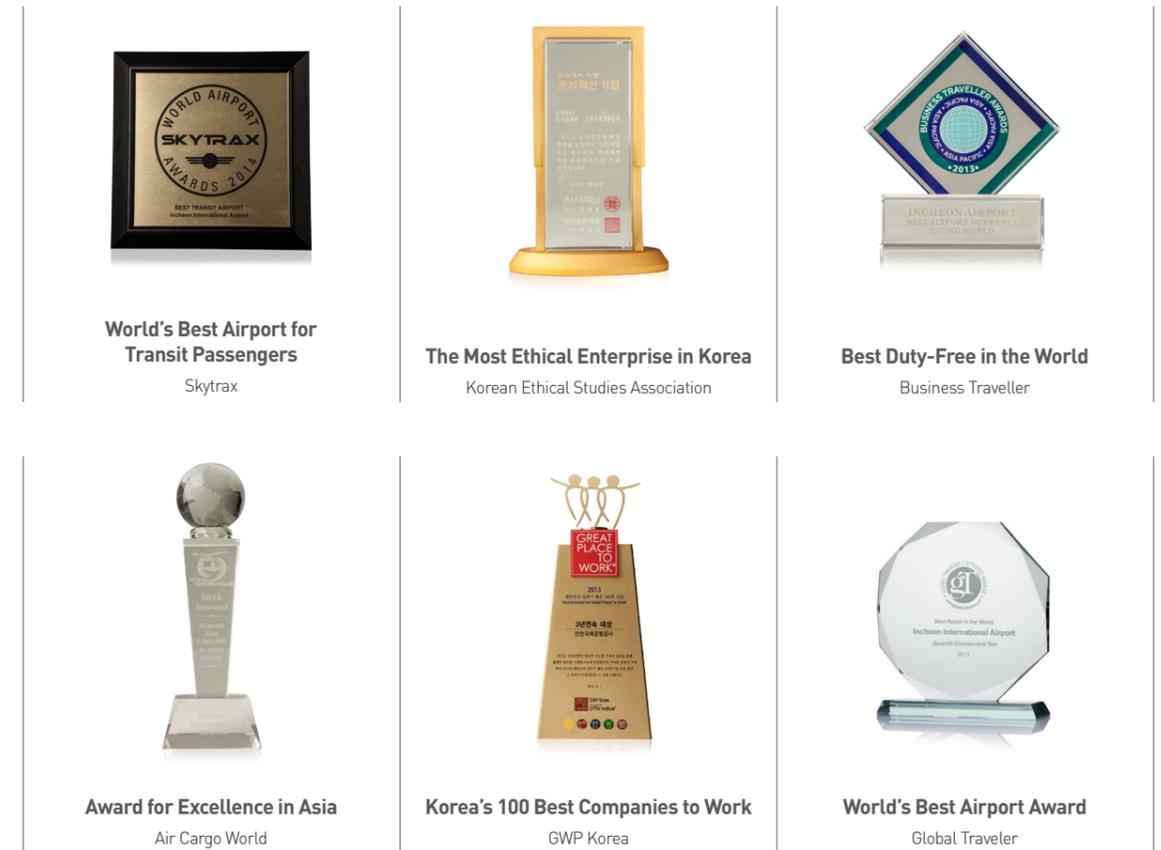


AWARDS AND ACCOLADES

Leading a new future with reputation and trust as the world's best airport



ACI Airport Service Quality for 2013 [Region: Asia-Pacific, Size: 25-40 Million Passengers]



2013

- March 26** The Most Ethical Enterprise in Korea (Korean Ethical Studies Association)
- May 10** The Best Green Service Airport (Cargonews Asia)
- June 6** Airport of the Year (Air Cargo Week)
- June 12** Best Airport by Region: Asia-Pacific/by Size: 25-40 Million Passengers in the ASQ survey (ACI)
- October 10** World Routes Marketing Award in Between 20-50 Million Passengers category (UBM Live)
- November 7** Korea's 100 Best Companies to Work For in the Public Service category (GWP Korea)
- November 12** The Respect for Labour Award (UN Global Compact)
- November 26** Environment - Energy Award (Korea Green Environment Energy Management Committee)
- November 27** International Airport of the Year (CAPA)
- December 11** World's Best Airport Award (Global Traveler)
- December 17** iECO AWARD KOREA in the Service Innovation category (Korea Internet Professional Association)

2014

- January 13** Best Duty-Free in the World (Business Traveller)
- January 17** Ranked first in the public organizations category in the 2013 anti-corruption and integrity assessment (Anti-Corruption and Civil Rights Commission)
- February 17** Korea's Most Admired Company in the Public Sector-SOC category (Korea Management Association Consulting)
- March 12** Award for Excellence in Asia at the 2014 Air (Air Cargo World)
- March 27** The World's Best Airport For Transit Passengers (Skytrax)
- May 27** Best Airport by Region: Asia-Pacific/ by Size: 25-40 Million Passengers in the ASQ survey (ACI)
- June 30** Commendation from Minister in response to climate change category (Ministry of Trade, Industry & Energy)

ACI WORLD ANNUAL GENERAL ASSEMBLY CONFERENCE & EXHIBITION

The world's attention was drawn to the ACI World Annual General Assembly Conference & Exhibition, a global meeting for aviation experts.



Hosted by Incheon Airport, the 2014 ACI World Annual General Assembly Conference & Exhibition was held in Seoul from May 26-28. Under the theme, "Airports: Serving the Customer and the Community," air transport chief executives and industry leaders convened at the annual event to explore and share ways to promote the balanced growth and sustainable development of airports throughout the world.



TIACA AIR CARGO FORUM & EXPOSITION

We successfully hosted the world's largest international air cargo event, confirming the elevated status of South Korea and Incheon Airport in the world air cargo industry and imprinting our competitiveness as a hub for air logistics in Northeast Asia.



The International Air Cargo Association (TIACA) Air Cargo Forum & Exposition was held at COEX, Seoul, October 7-9, 2014. Greeting its 27th year, the event provided over 3,000 participants from airports, airlines, logistics companies, and ground handlers from around the world with a meaningful venue to discuss current issues in the air cargo industry and examine its future.

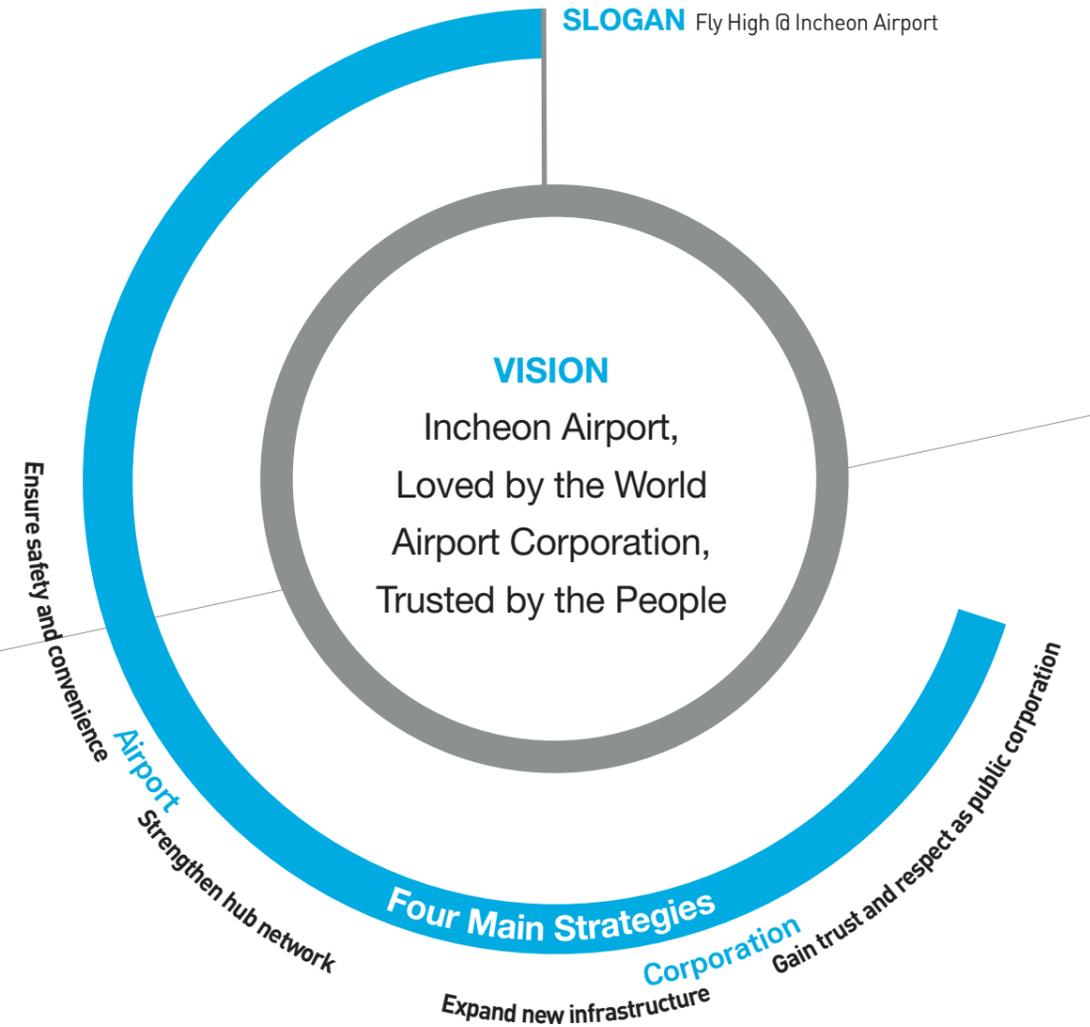


VISION

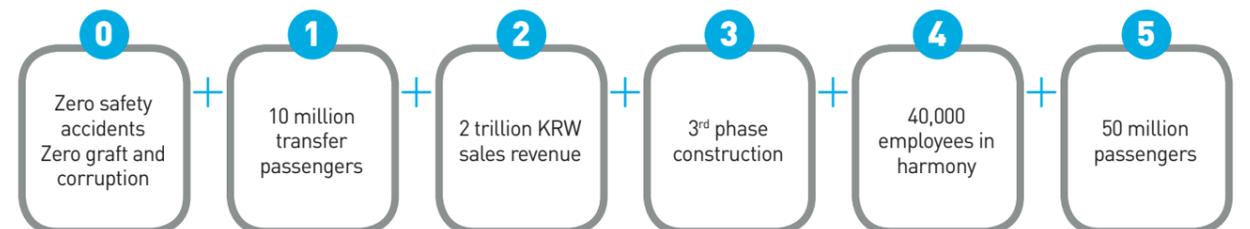
Envisioning a new future as
the world's leading airport



SLOGAN Fly High @ Incheon Airport



Outstanding Target by 2017 0 to 5



DEDICATED

TO

CREATIVITY

AND INNOVATION

BUSINESS REVIEW

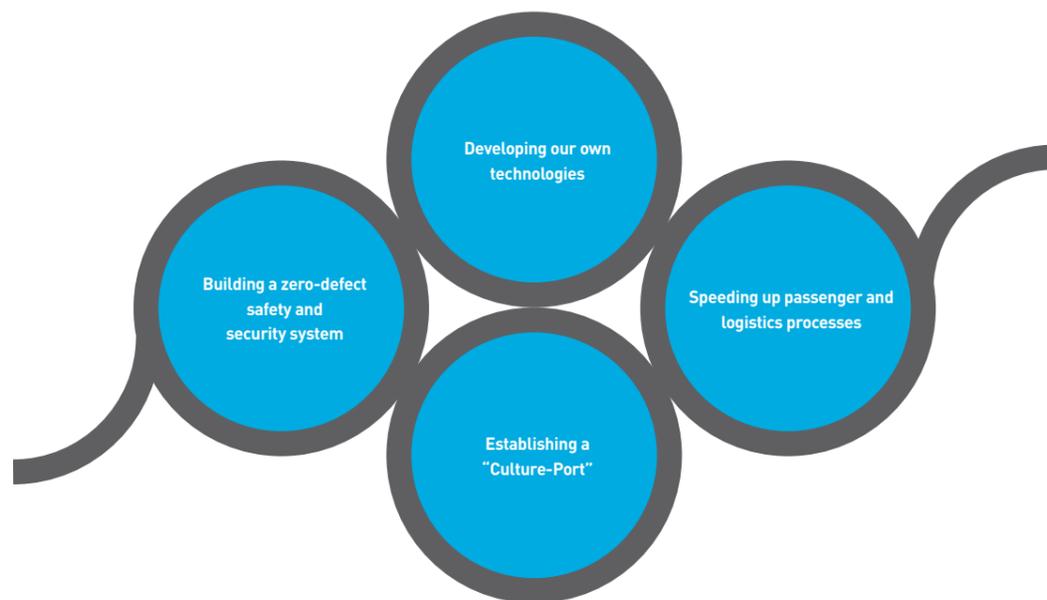
As an airport of the world and a trusted national corporation, Incheon Airport leaps forward to a new future.

Incheon Airport is embarking on a great journey to evolve into an airport that is loved by the world and an airport corporation that is trusted by the people through four key strategies: Ensure safety and convenience, Strengthen hub network, Expand new infrastructure, and Gain trust and respect as public corporation.

As a leader of the next-generation airport industry, we look forward to your support as we share our stories of success that push new boundaries for airports around the world.

Ensure safety and convenience

We concentrated on ensuring a safe and convenient airport and strengthening our key competencies



Strategy 1

Incheon Airport has been committed to enhancing its basic and key capabilities amidst constant changes and innovations. Such efforts have included a zero-defect safety and security system built by placing its highest priority on air travelers' safety and security. Continuous improvement and development of airport facilities have also significantly impacted and sped up its passenger and logistics processes. We also developed independent technologies to ensure the stability of our operations and grew into a "culture-port" where people can appreciate arts and culture as they travel through South Korea.

Opening safe sky roads

Incheon Airport has continuously devoted itself to safety, focusing on operational barriers and accident and threat factors with a goal of becoming a zero-defect and accident-free airport. These efforts parallel a rise in the potential for safety negligent accidents following a dramatic increase in air traffic. We improved the safety of flight operations by entirely repaving runways and aprons that have been in service over 10 years. We also cultivated our own risk management capabilities by developing independent operational safety indicators (29 indicators in 3 areas) oriented to accident prevention. In addition, we became the first Asian air transportation facility to operate a CAT-IIIb system with a minimum runway visual range (or RVR) of 75 meters, and achieved 110,000 non-stop operation hours of air navigation safety facilities. Moreover, through integrated training drills at least 10 times per year, we are fully prepared to respond in the event of national emergency. Thanks to such efforts, we succeeded with a grand total of 2.4 million accident-free flights since our opening, and achieved the highest evaluation in disaster management for critical infrastructures by the Ministry of Security and Public Administration for the fourth consecutive year.

Meanwhile, Incheon Airport became the first airport in the world to abolish a secondary security inspection on U.S.-bound passengers. The U.S. had demanded this second inspection on U.S.-bound passengers prior to boarding since August 2006, due to a terrorist threat to detonate liquid explosives on a flight from the U.K. to the U.S. However, the U.S. Transportation Security Administration (TSA) decided to fully exempt the secondary security check procedure at Incheon Airport, recognizing Incheon Airport's excellent air security system. In 2011, Incheon Airport procured the highest standards of 98.57% in the Universal Security Audit Programme carried out by the International Civil Aviation Organization (ICAO). It also satisfied all international standards for airport security in the TSA inspection, which checked 203 items in 10 major areas that included passenger inspection and aircraft security in 2013.

* CAT-IIIb: This term refers to an instrument landing system that ensures precision instrument approaches and landings in severe weather conditions with an RVR of 50-175 meters or less.

Ensuring stable operations by developing key technologies for airport operations

Incheon Airport is committed to the stability of its operations through joint development of airport operation-related key equipment and components with domestic small and medium-sized enterprises (SMEs). These include Air Craft Ground Power Supply (AC-GPS), an eco-friendly power supply system that ensures precise voltage and frequency conversions to power aircrafts sitting on our aprons; the Pre-Conditioned Air (PC-AIR), which enables dramatic fuel savings and carbon emission reductions by replacing the need for auxiliary power units; conveyer driving pulleys of the BHS; screen door wheels of shuttle trains; and storage batteries. This has been highly acclaimed for two reasons. First, we collaborated with domestic SMEs to research and localize airport industry-related technologies, which had been highly dependent on foreign products, thereby saving production cost and foreign currency. Second, we successfully modeled corporate partnerships and win-win cooperation between conglomerates and SMEs. In particular, the AC-GPS was designated as the first new national transportation technology in the aviation sector, winning recognition for its excellent performance. Since its installation in apron for F-category airplanes and commercial operation in April 2014, it has been stably operating. Such domestically developed equipment and components will also be applied to the third-phase airport construction. From this, we anticipate a cost cutting of KRW 4.5 billion and foreign-currency savings of KRW 29.2 billion by replacing the need for foreign products until 2025.

Going forward, Incheon Airport will accelerate its endeavors to independently develop and localize its key facilities through continuous investment and research, and will plan to secure future revenue sources by actively opening up overseas markets for relevant technologies.

Implementation rate of international standards,
as measured by the ICAO Universal Security Audit

98.57 %



Continuously upgrading airport facilities to offer speedier and more accurate services

As traffic congestion intensified in line with the average passenger growth rate of 6% per year, Incheon Airport improved its passenger traffic flow by upgrading its existing facilities, as well as introducing arrival and departure systems with the latest ICT technologies.

We augmented our handling capacity by 5% by converting 18 flight check-in counters from domestic to international, and opening an additional 8 domestic ones. We also minimized congestion at departure by introducing the world's first airport Passenger Flow Management System that enables real-time passenger flow analysis. In addition, we offered complete information accessibility by releasing the Incheon Airport Guide, a mobile app embedded with advanced service functions, such as automatic interpretation in five languages including English, Chinese and Russian, and 3D indoor directions. It has gained huge popularity, recording more than 100,000 average daily hits since its launch.

Our baggage handling system boasts the world's highest-level accuracy, becoming a target for benchmarking by domestic and overseas academic circles, governments and airport officials. Over 800 people visited the site in 2013 alone.

The ultra-large-scale BHS spanning approximately 88 km is capable of handling 56,520 pieces of baggage per hour, completing the job in 26 minutes for departures, 19 for transfers and 18 for arrivals. Our baggage mishandling rate is 1 per 100,000 bags, hitting a significant low when compared with 3.9 bags in other airports in Asia, 6.4 in the U.S., and 18 in Europe (source: 2014 SITA Baggage Report). This presumably resulted from our multilateral efforts to improve our accuracy, involving over 35 emergency scenario drills per year and a barrier trend analysis. In regards to transfer baggage that demands high levels of concentration and immediacy in particular, we were the first in the world to adopt a peak baggage handling time forecast system and could establish speedy and smooth baggage transport operation. The system allows us to classify baggage concentration hours in three levels (Green, Yellow, and Red) and operate our on-site staffing in a flexible manner.

* SITA (Société Internationale de Télécommunications Aéronautiques):
A multinational IT company offering air transport communication and information technology services to the aviation industry

Evolving into an outpost for traditional Korean culture and the Korean wave

Incheon Airport has been favored by people around the world as a "culture-port," transforming the values of culture and art in a finite airport area. As an airport in which the essence of culture and the beauty of art flow unremittingly, we provide over 7,400 cultural performances a year, including creative and traditional performances, classical concerts, as well as K-Pop concerts. In particular, as the gateway for international travelers arriving to South Korea, we've created various spaces for passengers to experience what Korea has to offer and hold events to promote the excellence of Korean culture. We developed a "Korean Cultural Street" in which traditional buildings and atmosphere are reproduced on the fourth floor of our passenger terminal, while operating a total of 11 free cultural experience and exhibition centers, such as the Korean Cultural Museum, and the Traditional Craft Gallery.

Notably, "Walk of the Royal Family," which began in 2009 to depict a royal procession during the Joseon Dynasty period boasting the beauty of our culture, has been well received by many passengers.

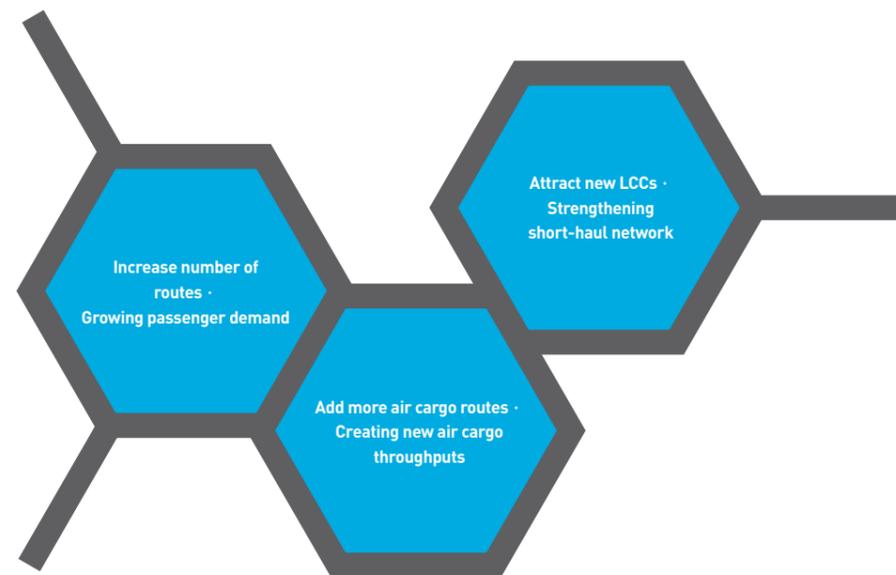
Sky Festival, a large-scale annual outdoor concert, is becoming a music festival getting international appreciation. Last year, it showcased themes of K-pop and classical music, and more than 5,000 Korean Wave fans visited from all over the world, creating an energetic stage.

Baggage handling volume per hour

56,520 pieces

Strengthen hub network

Connecting South Korea and the world with additional airlines and more diversified routes



Strategy 2

Incheon Airport solidified its airport network further while expanding passenger demand through strategic marketing. In 2013, we posted remarkable all-time records, including 88 airlines from 58 countries connecting to 182 cities around the world, opening up an age of 40 million passengers and 7 million transfer travelers.

We strengthened our short-haul network by recruiting and selecting target airlines to gain an early edge in the rapidly growing low-cost carrier (LCC) market in Northeast Asia. At the same time, we developed new air transport items and lured companies adept at creating air cargo throughput. Through such diversified efforts, we ranked third in the world in terms of international cargo transport by improving our air cargo throughputs, which had been in decline for the past two years.

Reinforcing our position as a hub airport in Northeast Asia

In 2013 Incheon Airport recorded the largest number in passenger transportation since its opening.

We welcomed seven new airlines, including American Airlines, ranking second in the world in terms of operating profit, and Ethiopian Airlines, the first African national flag carrier to be entering service. Existing airlines also expanded their services to new locations, such as Colombo and Malé by Korean Air and Danang by Vietnam Airlines, ending the year with 17 new routes. LCCs recorded rapid growth of more than 38% over the year, driving a rise in the number of passengers at Incheon Airport by securing new passenger demand. As a result of such diversified factors, Incheon Airport achieved record outcomes in all its passenger transport sectors. We totaled 271,224 flights (up 6.8% YoY), 41,482,828 general passengers (up 6.4%), and 7,710,250 transfer passengers (up 12.5%) in 2013, outperforming the entire world's flight increase of 0.6% and passenger growth of 4.6%. Such upward movements in flight and passenger counts are expected to continue through 2014.

In line with the ongoing growth of passengers, we plan to consolidate our position as the Northeast Asia hub airport. By establishing strategies to attract flights by airline and route, and through a more innovative range of promotions, our objective is to create new transfer demand through enhanced collaborations with relevant organizations, such as the Ministry of Land, Infrastructure and Transport, airlines and travel agencies.

Strengthening our short-haul network by gaining an early edge in the LCC market

Since affordable air travel was made possible beginning with Southwest Airlines of the U.S. in the early 1970s, LCCs positioned themselves as the major axis of the airline market by penetrating into the full-service carrier (FSC) market. Their market share at Incheon Airport, which stood at a mere 1.3% in 2009, grew to 11.8% in 2013, resulting in 4.88 million passengers (up 38% YoY). LCCs are anticipated to record a minimum market share of at least 30% by 2023.

Accordingly, Incheon Airport leveraged strategic marketing to gain an early edge in the rapidly growing LCC market in Northeast Asia. For example, we held visiting road shows, targeting major LCCs. In addition, we hosted the Centre for Asia Pacific Aviation (CAPA) LCCs & New Age Airlines in North Asia Conference in September 2013, which holds the highest public confidence in the LCC market area, and actively publicized our strengths as a hub airport. During the conference period, seven new LCCs were recruited, including Vanilla Air and Hong Kong Express Airways.

Going forward, we plan to concentrate on marketing activities that strengthen Incheon Airport's advantage over neighboring airports in competition for hub airports. We will also continue to seek balanced developments by attracting transfer linkages between FSCs and LCCs.

Number of flights

271,224

Number of passengers

41,482,828

Number of transfer passengers

7,710,250



Shifting the decline in air cargo throughputs through active marketing

In 2013, the air transportation industry's total cargo throughputs edged up by 0.3% over the year to 2,464,385 tons, narrowly escaping the continuous drop since 2010 and turning upward for the first time in three years. Incheon Airport's international cargo volume showed stagnancy from 1Q to 3Q in 2013, but recorded a high growth of 3.8% in 4Q. This was attributable to positive impact from "Management support and incentives to strengthen logistics competitiveness" policy by the Ministry of Land, Infrastructure and Transport and the Incheon International Airport Corporation.

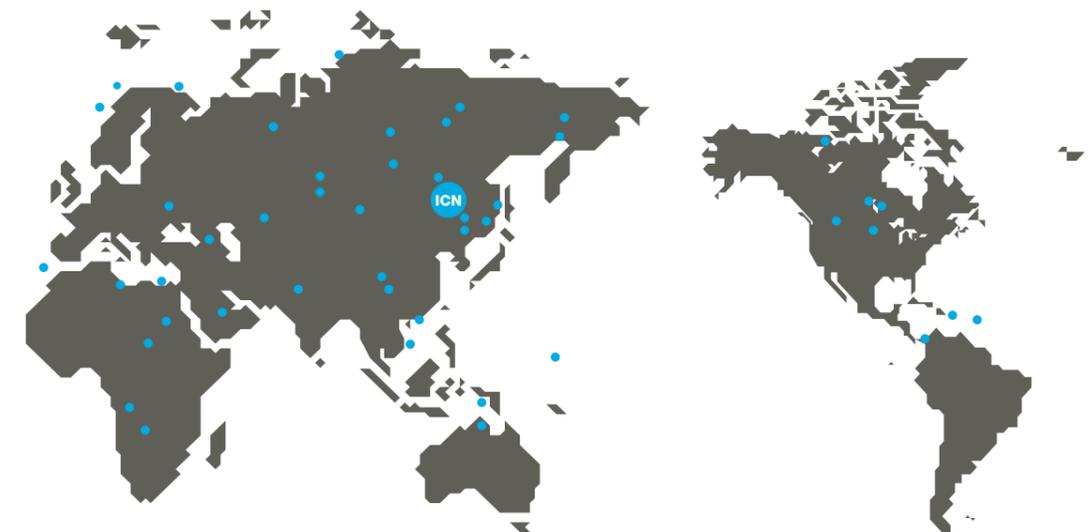
In order to ease the burden of expenses and stimulate the creation of new air cargo throughputs for domestic and overseas cargo carriers and logistics companies that were having difficulty due to economic slowdowns and a decline in air cargo, Incheon Airport had also implemented a temporary policy of lowering landing and parking charges and rental fees, and offered additional incentives for increased cargo volume.

Meanwhile, we continued our focus on creating new types of air cargo throughputs including mushrooms strawberries and other new growth cargo. We also attracted more global manufacturers, such as STATS ChipPAC Korea and the Asia delivery center of Johnson Matthey Catalyst Korea to our logistics center. As a result, we posted KRW 101.2 billion in logistics revenue, and ranked third in the world in terms of international air cargo transport.

- Won both awards with the highest authority in the cargo sector
 - "Airport of the Year" by Air Cargo Week
 - "Award for Excellence" by Air Cargo World

88 airlines reaching 182 cities around the world

South Korea, 3 | China, 35 | Southeast Asia, 33 | Japan, 28 | Europe, 23 | The Americas, 25 | Russia, 17 | The Middle East, 6 | Africa, 2 | Oceania, 10



Air cargo volume (tons)

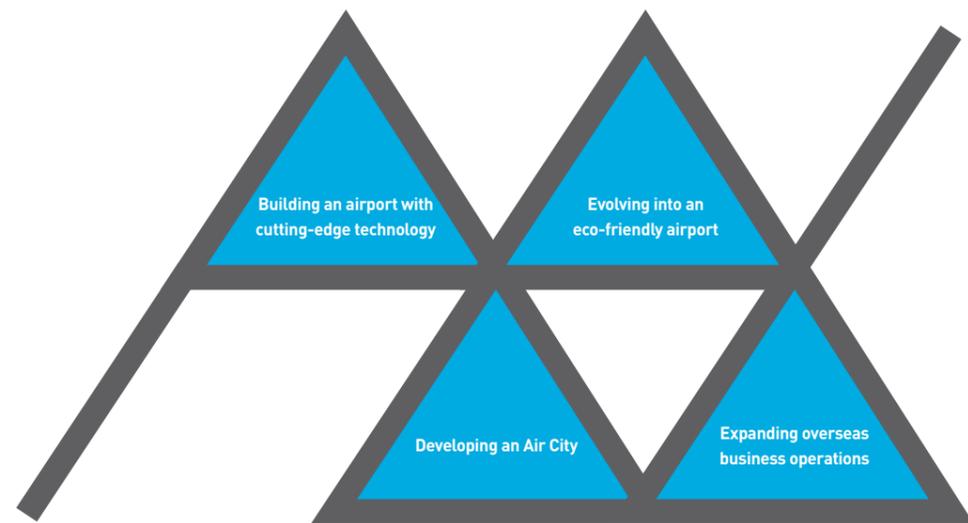
2,464,385

Number of destinations (As of December 2013)

182

Expand new infrastructure

Future unfolding,
leading the airport industry



Strategy 3

Our second passenger terminal is under construction with targeted completion in 2017. What awaits us is a pioneering futuristic airport featuring the convergence of cutting-edge ICT technologies and eco-friendly systems. The building excitingly conceptualizes a new trend in the airport industry by combining a wide range of Green, Eco, and Smart elements. In addition, we are laying the foundation to create independent passenger demand by developing an Air City where visitors can simultaneously enjoy shopping, leisure and business opportunities. We are making a new blueprint by accelerating our advances into overseas businesses by exporting abroad our expertise in construction and operations. This is evidenced by the successful execution of first and second-phase construction projects and being named the Best Airport in the ASQ survey for the ninth consecutive year.

Reshaping future airports

Our challenge that began with a goal of being a hub airport in Northeast Asia is on a smooth rise toward our third-phase destination, after passing the first and second-phase stopovers. Our third-phase facility expansion project, including a second passenger terminal, went full scale, beginning with a notice by the central government on its master plan in June 2009. In June 2013, ground excavation on the second passenger terminal ushered the project into the stage of full-fledged construction, following basic designs in 2010 and the execution drawing in 2012. The groundbreaking ceremony of the second terminal took place in September 2013, attended by the prime minister and more than 1,300 people from the political and business circles. Divided into a total of 107 packages, the third-phase project is a high-tech process of placing orders for 92 package projects worth KRW 4.1 trillion, which is about 85% of the entire value, by 2014. The second passenger terminal construction will be put on the fast track, executing designing and construction simultaneously. We are also carefully managing the construction project by continuously fostering experts for construction management. In 2013 alone, we produced 53 construction managers.

Upon completion of the third-phase project in 2017, we will boast an annual capacity of 62 million international passengers, becoming one of just a few large airports in the world capable of accommodating at least 50 million.

In particular, the third-phase project will actively respond to the global airport environment and energy issues by introducing eco-friendly elements such as high-efficiency materials and renewable energy. It will also allow us to be a timely, convenient, and smart airport by adopting the latest in ICT technologies so that we can continue to model and lead standards for future airports. Ultimately, we will evolve into a culture-port in which visitors can appreciate the essence of culture and beauty of the arts throughout the year, by applying three concepts: a Green Airport that blends architecture with nature, a low-carbon and energy saving Eco Airport, and a Smart Airport boasting the latest in ICT technologies. The third-phase construction enhanced the economy of the project, based on organic collaborations with airport operators and air traffic organizations from its initial stage. As a case in point, we collected around 1,600 suggestions and reduced expenses by about KRW 147 billion, mainly through comprehensive advice by a team of airport construction experts, multilateral examinations on construction methods, and design value engineering. In addition, to fulfill our social roles and responsibilities as a public institution and assist struggling regional economies, we expanded the participation of local and small and medium-sized companies, thereby raising their participation ratio to 97% in the total projects ordered. We also revived the local economy and realized shared growth.



Third-phase project design progress rate

95.10%



Ranking first in duty free sales with record-high results

Incheon Airport has led the world duty-free shop market by creating the first joint duty-free shopping brand, named AIRSTAR Avenue, in 2008. Our duty free sales stood near KRW 2 trillion in 2013, recording an all-time high and ranking us as the world's top duty free shop, while maintaining an annual average growth rate of 19% since our opening in 2001. Major trends in our duty-free shops in 2013 should be largely analyzed as an expansion in the range of customer-favored brands, the growth of domestic brands, and the enhanced purchasing power of Chinese travelers. Following an expansion in customer needs from expensive luxury goods to trendy low and middle-priced trendsetting brands, our duty-free shops currently have over 500 brands due to sourcing a large number of popular brands that are highly favored by customers. We have also encouraged customer purchases by carrying out an annual drawing event, and secured price competitiveness by providing special seasonal sale periods. These ventures have led to winning the highest price satisfaction scores for shopping facilities by the Airport Service Quality (ASQ) survey for the ninth consecutive year.

We have promoted the growth of domestic brands and small and medium-sized enterprises (SMEs) with an aim to realize public interests as South Korea's leading public institution and to help enhance the competitiveness of domestic companies through diversified efforts. We widened the space and percentage of domestic products, increasing the total area of stores by 14% over the year, of which 60% was from SMEs. At the same time, we carried out a drawing event for best selling domestic products. Of the 12,180,000 foreign tourists visiting South Korea in 2013, the number of Chinese tourists amounted to 4,330,000*, making up 35.5% of the total, and rapidly emerging as major customers at Incheon Airport's duty-free shops. Accordingly, Incheon Airport expanded the product mix that is favored by Chinese, and carried out special promotions during the golden consecutive holiday periods such as Chinese National Day. Through these target marketing efforts, we succeeded in increasing duty-free sales to Chinese shoppers by more than 30% over the year.

* Source: An analysis of the Korean inbound tourism market, Korea Tourism Organization

Creating more airports around the world

Incheon Airport is exporting its expertise in building and operating airports to clients around the world, based on its successful first and second-phase construction with total expenses amounting to KRW 8 trillion, and its unprecedented accomplishment of being named the Best Airport in the ASQ survey for nine straight years.

We first entered the overseas business by signing an advisory and support agreement for the operation of Iraq's new Erbil International Airport in 2009. Erbil airport made a visible achievement of increasing flights by 57% and annual passenger numbers by 276% within three years of its launch in 2010. In recognition of our proven consulting capabilities, we won orders for 17 projects in 8 countries including the Philippines, Indonesia and Bangladesh, generating profits of USD 71.2 million by 2013. In 2013, we won a project management consultancy (PMC) project for the Soekarno-Hatta International Airport in Jakarta, Indonesia, and a national master plan project to draw up overall plans for the development of airports in the Philippines. The latter is particularly meaningful in that we became the first company in South Korea to participate in a national master plan establishment project. This project bestowment should be attributed to our skilled execution ability in successfully completing former projects in the Philippines, including consulting services for the Puerto Princesa Airport Development Project and the Completion Work of Ninoy Aquino International Airport Terminal 3.

Our vision is to expand throughout the world as a company leading the world airport industry, while broadening our business horizons through diversifying our business portfolio from consulting projects to equity investment and build-operate-transfer projects.



Winning a Grand Slam in international green certificates

We have been committed to becoming an energy-independent, low-carbon, and eco-friendly airport that maximizes the use of new and renewable energy while minimizing emissions.

First, we came up with comprehensive implementation plans for energy savings and established the "Energy Management Plan" that guides us to energy consumption and management. We replaced 45% of our lighting with highly efficient LED lights, saving over 5,238 MWh in 2013 alone. We also reduced greenhouse gases by 5,641 tCO₂ and cut expenses by KRW 1.32 billion through a total of 33 facility and operation improvements. Changes included installing dump heat exchangers that recycle the dump heat of resource recovery facilities to be supplied to nearby areas, as well as enhancing the efficiency of the heating and cooling system. A guaranteed eco-friendly transportation system is also a result of the management plan. We operate electric cars and fuel cell electrical buses, built an 18.4 km-long bicycle lane, and constructed the dust and noise-free Incheon Airport Maglev Line, which boasts the second commercial maglev technology worldwide and will be in operation at the end of 2014. It is expected to become a new attraction at Incheon Airport, connecting 6.1 km from our passenger terminal to Yongyu Tourism Complex.

By establishing such management system to reduce environmental hazards and proactively improve the environment during the airport construction process, we were awarded an ISO 14001 environmental management system certificate in 2002. In March 2014, Incheon Airport reached Level 3, the highest level attained by Asia-Pacific airports so far, in ACI's Airport Carbon Accreditation certification to assess and recognize the efforts of airports to manage and reduce their carbon emission. In June 2014, we were also awarded ISO 50001 (Energy Management System) that promotes energy reduction plan, implementation, and operation. As a result, we have now obtained all three top international environmentally friendly management certificates.

- The Asian Freight & Supply Chain Award (AFSCA): Named Best Green Service Airport by Cargonews Asia
- Global Green Management Excellence Awards: Won Minister of Trade, Industry & Energy Award in response to climate change category

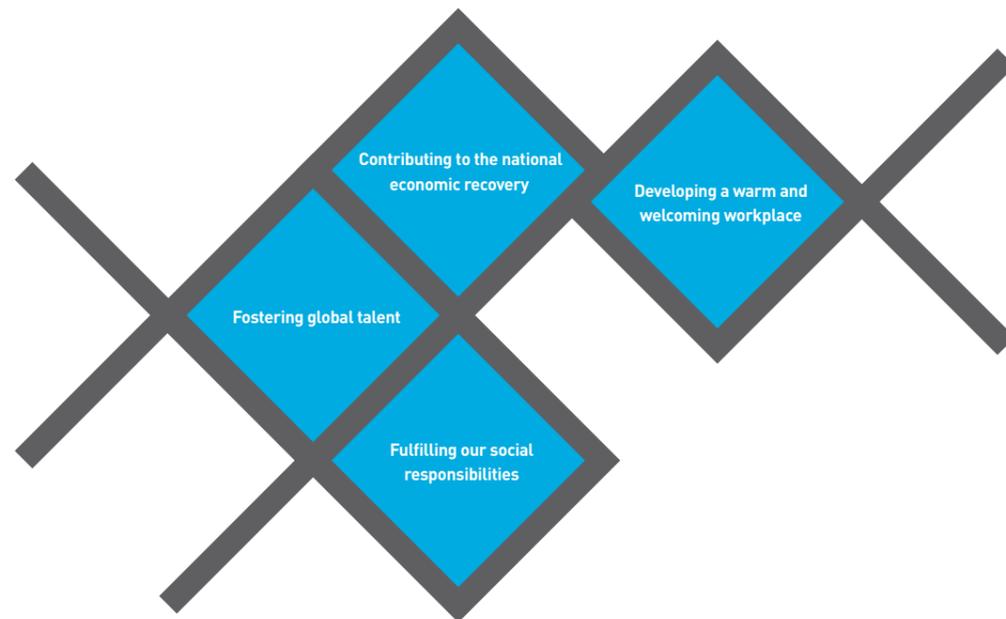
Creating future flight demand and helping to invigorate regional economy by developing an Air City

Airports are now transforming into new dimensions of spaces that can create a diversity of added values by strengthening their characteristic qualities of gathering passengers and cargo. In that sense, Incheon Airport is proposing a creative airport development model that enables airports to autonomously create new flight demand and generate synergies, by developing a new-concept Air City surrounding the airport in which all the needs for shopping, leisure and business are met. A prime example is Paradise City, which is currently under construction in the International Business Center (IBC)-I district near the first passenger terminal. As a multipurpose entertainment complex with convention, casino, hotel, spa and cultural facilities, this complex should create momentum to help raise the standard of domestic tourism by satisfying the needs of both domestic and foreign customers who desire higher levels of services. In addition, a Grand Hyatt hotel opened in September 2014 with 1,022 guestrooms, boasting the largest Hyatt property outside North America. A new hotel with 370 additional guestrooms entered in front of the southern reservoir, where the nation's only motorboat racing training center has been developed.

The BMW Driving Center, opened in August 2014 in the airport access area, is the first automobile-related multipurpose cultural space built by the BMW Group in Asia, following Germany and the U.S. It is anticipated to develop into a facility that leads the domestic automobile culture with diverse tracks, offering unprecedented unique driving experience, and family-friendly supplementary facilities, such as the Junior Campus. Apart from this growth, we intend to pursue a long-term project for the gradual development of a large-scale multipurpose leisure complex (IBC-II area) by 2020, while continuously developing new facilities to utilize the airport. Ultimately, the Air City will not only propel the national economy but will also become an economic and leisure stronghold in Northeast Asia.

Gain trust and respect as public corporation

Growing together by putting
happiness and communications first



Strategy 4

Throughout our history, we have been dedicated to establishing our position and fulfilling our essential roles as an airport loved by the world and an airport corporation trusted by the people. We have contributed to the national economic growth with record-high results. As an aviation specialized company, we have strengthened our position, as well as helped South Korea enhance its presence as a power aviation country, by fostering aviation professionals around the world with systematic training facilities and curriculum. We have also prioritized caring and sharing, developing together with the socially underprivileged and local communities. We laid the groundwork in which both individuals and organizations can find happiness by creating a corporate environment and atmosphere offering a healthy work-life balance.

Laying the foundation for a creative economy

We are contributing to South Korea's economic development by realizing our corporate vision of "Incheon Airport, Loved by the World" and "Airport Corporation, Trusted by the People".

In 2013, we recorded our largest-ever revenue of KRW 1.6 trillion, and posted a net income of KRW 472.1 billion, the highest among 14 market-based public enterprises, and paid KRW 138.1 billion to the central government as a dividend. We also secured stable financial soundness by reducing our debt-to-equity ratio by 11.7% points over the year to 40.2%, over five times more stable than the total debt ratio of public enterprises at 214.3%.

However, our debt ratio will likely surge rapidly until 2017, reflecting our third-phase airport construction. Accordingly, we are establishing a mid- to long-term financial plan to successfully manage the proportional change. Specifically, we are seeking out new revenue sources, by evolving new advertising media outlets and winning orders for overseas projects, while minimizing our current costs including employee benefits and event expenses. Our project financing is secured smoothly and we maintain our financial soundness through diversified methods. These include increasing the number of budget deliberation stages to five for the reasonable management of our expenses.

Developing a warm and welcoming workplace

Incheon Airport is dedicated to enhancing its organizational productivity by supporting its employees to achieve a healthy work-life balance.

We view quality childcare conditions as an absolute need for our airport resident staff, and therefore opened the Incheon Airport daycare center, the first in-house daycare to be used by both our employees and those of our partner companies among South Korea's public institutions. We have also operated various types of flexible work arrangements for all our employees, including flex time, intensive work schedules, and part-time hours. We increased our employees's childcare leave from one to two years, and encouraging them to leave work at the regular time by designating the first and third Wednesdays every month as the Family Day.

By holding company-wide workshops during which our employees share our corporate vision and work together on a regular basis, we reduced barriers among our operating divisions to facilitate cooperation and collaboration. We also offer small-scale "IU Meetings" to help them gain deeper understanding of their mutual operations and difficulties they sometimes face. Other employee assistance programs that help increase employee morale include "Filling Camp," which encourages employees to break away from excessive work and focus on healing themselves through health management and counseling. Incheon Airport is dedicated to providing a healthy and employee-centered workplace.

Our voluntary efforts for the shared happiness in harmony among individuals and organizations have been recognized through evaluations by numerous organizations. We won The 100 Best Companies to Work For in Korea award in the Public Service category from GWP Korea for three years in a row, The Respect for Labour Award at the UN Global Compact, and the grand prize at the Family-Friendly Management Awards from the Ministry of Gender Equality & Family for the past two years.

Dividend paid to the central government

KRW **138.1** billion

Ranked **First** in 100 Best Companies to Work For in Korea in Public Service category



Fostering next-generation aviation professionals as a global mecca for aviation training

The ICAO released an analysis* articulating the urgency to foster next-generation human resources for the aviation industry. Estimations anticipate that the demand for aviation professionals around the world including pilotage, aircraft maintenance, and air traffic control, will exceed 2.28 million by 2030, but the number of relevant professionals currently amounts to a mere 1.1 million. Accordingly, Incheon Airport has operated training courses to meet international standards suggested by the ICAO, by forming an exclusive training division within the Incheon Airport Aviation Academy. It has also hosted the ICAO NGAP & TRAINAIR PLUS, the first aviation professional conference, and led relevant issues in 2011. As a result, the Incheon Airport Aviation Academy became the first official institution in the world to be certified as an ICAO TRAINAIR PLUS Member. In 2012, we provided a simulation facility that enables training against a wide range of emergency situations in the same conditions as actual operation environments by opening a flight training center in cooperation with the Ministry of Land, Infrastructure and Transport and Lockheed Martin, a global security and aerospace company. This allows us to support exceptional levels of training and education to domestic LCCs, which formerly had to rely on overseas training facilities because they did not have their own synthetic flight training systems.

Currently, the Incheon Airport Aviation Academy operates two courses - Aerodrome Inspection and Airport GHG Management, which was independently developed as the ICAO TRAINAIR PLUS courses. It is also fostering aviation professionals around the world through over 40 general global training courses including aviation security, navigation, and customer satisfaction. Since 2011, over 3,100 trainees from 97 countries have completed professional aviation training courses at the Academy. In the future, Incheon Airport will take the lead in efforts to help improve the presence of South Korea as an aviation power nation along with its own position as a mecca for global aviation training, by developing a broad array of training courses and supplementing relevant human resources to meet demand at home and abroad.

* Source: Global and Regional 20-year Forecasts: Pilots •Maintenance Personnel •Air Traffic Controllers

Leading a new era of happiness with our neighbors

Incheon Airport has laid the foundation to develop and grow together with its neighbors, while committing to key social contribution ideas by reflecting the needs of its stakeholders and communities.

First, we select and provide scholarships to distinguished university students who are completing undergraduate and master's courses in aviation and logistics, and high school students in Incheon who are devoted to academic excellence despite difficult home circumstances. We also strive for the growth and development of education in this region. Our focus is on cultivating the talent and individuality of students by encouraging neighboring schools to offer a variety of educational programs in English, music, marine science, and more. In a bid to support a less-popular sport and contribute to the development of the national and local sports culture, we founded SKYMONS, a professional badminton team. We are also pioneering a new horizon for social contribution projects by starting and sponsoring Mongttang, a social enterprise and a choir supporting multiculturalism, which consists of members from nine countries including Tibet, Mongolia, Indonesia, China, and the Philippines.

Our employees have independently inaugurated companywide volunteer groups in which both labor and management actively pledge their participation. In addition, by playing the role of volunteer consultants, all our division director-level and higher-level officers have achieved total staff participation in volunteering. As a result, our employee volunteer hours surged in 2013 by 253% over 2011, reaching 7,787 hours. Moving forward, Incheon Airport will continue its efforts to fulfill its corporate social responsibilities and lead the people's happiness by exploring and practicing diverse ways to grow and develop with its neighbors as South Korea's leading public institution.

Korea's Most **Admired Company** in SOC category

**COMMITTED TO
DELIVERING**

VALUE

FINANCIAL REVIEW

In 2013, Incheon Airport achieved its best-ever results in all its areas of operation. This included increases in sales and income, a reduction in its expenses, and a decline in its debt-to-equity ratio. Going forward, we will continue to seek a balance between quantitative growth and internal stability, based on our mid- to long-term management strategies.

AND PERFORMANCE

Historical Annual Financial Statements

(Unit: In millions of KRW)

	2001	2009	2010	2011	2012	2013
Summary of financial position						
Current Assets	235,204	194,263	186,230	311,608	354,148	219,639
Non-Current Assets	6,137,744	7,846,293	7,623,358	7,410,041	7,500,345	7,520,478
Total Assets	6,372,948	8,040,556	7,809,588	7,721,649	7,854,493	7,740,117
Current Liabilities	924,963	1,289,478	590,368	988,042	674,352	709,574
Non-Current Liabilities	3,051,824	2,402,222	2,597,349	1,986,235	2,007,968	1,508,465
Total Liabilities	3,976,787	3,691,700	3,187,717	2,974,277	2,682,320	2,218,039
Issued Capital	2,510,090	3,617,845	3,617,845	3,617,845	3,617,845	3,617,845
Retained Earnings	(113,929)	731,011	1,004,026	1,129,527	1,554,328	1,904,233
Total Equity	2,396,161	4,348,856	4,621,871	4,747,372	5,172,173	5,522,078
Summary of comprehensive Income						
Revenue	376,727	1,186,561	1,286,011	1,496,615	1,581,701	1,602,869
Cost of sales	297,484	663,958	667,194	669,924	684,543	673,695
Gross profit	79,243	522,603	618,817	826,691	897,158	929,174
Selling and administrative expenses	43,348	84,707	85,572	104,367	99,386	114,647
Operating profit	35,895	437,896	533,245	722,324	797,772	814,527
Other operating income	11,841	135,997	54,993	-	4,834	2,002
Other operating expenses	194,167	247,570	148,956	132,798	21,644	13,486
Other profit	-	-	-	8,223	11,896	(35,026)
Finance income	-	-	-	11,433	23,365	10,258
Finance costs	-	-	-	136,077	120,915	72,479
Share of profit in associates and joint ventures	-	-	-	-	666	-
Profit before income tax	(146,431)	326,323	439,282	473,105	695,974	705,796
Income tax expense	(5,803)	59,546	115,101	112,200	196,604	233,676
Profit for the year	(140,628)	266,777	324,181	360,905	499,370	472,120
Other comprehensive income	-	-	-	1,917	1,222	2,628
Total comprehensive income	-	-	-	362,822	500,592	474,748

* 2001~2010: K-GAAP, 2011~2013: K-IFRS

* The above results do not include those of the airport's consolidated subsidiary.

Key Indicators

Profitability

ROA (%)

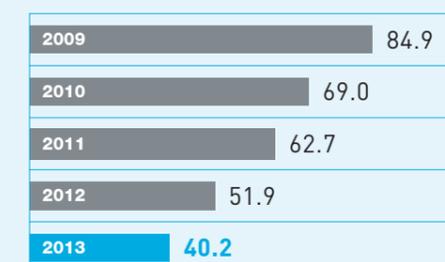


ROE (%)



Stability

Debt-to-Equity Ratio (%)



Interest Coverage Ratio (multiplier)

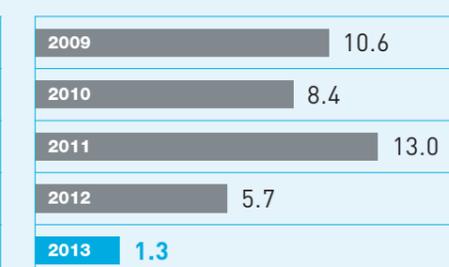


Growth

Growth Rate of Total Assets (%)



Growth Rate of Revenue (%)



Incheon International Airport Corporation and its subsidiaries
Consolidated statements of financial position

As of December 31, 2013 and 2012

(Korean won in thousands)

	December 31, 2013		December 31, 2012	
Assets				
Current assets:				
Cash and cash equivalents	₩	6,088,143	₩	7,850,052
Current financial assets		49,931,247		192,792,699
Trade and other receivables, less allowance for doubtful accounts		164,615,197		164,483,195
Inventories		8,857,170		6,470,499
Income tax assets		-		31,040
Other current non-financial assets		5,635,390		4,295,596
		235,127,147		375,923,081
Non-current assets:				
Other non-current financial assets		32,783,889		31,814,284
Long-term trade and other receivables		181,639		40,754
Property, plant and equipment		6,889,896,661		6,897,231,862
Investment property		327,383,518		328,000,854
Goodwill		136,865,919		136,865,919
Intangible assets other than goodwill		65,194,981		72,086,638
Investments in associates		1,234,230		1,234,230
Deferred tax assets		117,680,538		84,729,340
Non-current non-financial assets		22,916,700		22,916,700
		7,594,138,075		7,574,920,581
Total assets	₩	7,829,265,222	₩	7,950,843,662

(Korean won in thousands)

	December 31, 2013		December 31, 2012	
Liabilities and equity				
Current liabilities:				
Trade and other payables	₩	536,543,951	₩	125,580,943
Current financial liabilities		18,868,324		410,990,820
Current income tax liabilities		111,121,431		103,710,930
Other current non-financial liabilities		48,256,942		45,031,752
Current provisions		10,667,499		10,846,403
		725,458,147		696,160,848
Non-current liabilities:				
Long-term trade and other payables		319,632,060		732,377,387
Other non-current financial liabilities		1,199,484,669		1,270,176,953
Other non-financial liabilities		60,368,160		71,548,539
Net employee defined benefit liabilities		1,672,480		6,148,133
Deferred tax liabilities		-		-
Non-current provisions		571,195		2,258,154
		1,581,728,564		2,082,509,166
Total liabilities		2,307,186,711		2,778,670,014
Equity:				
Issued capital		3,617,845,480		3,617,845,480
Retained earnings		1,905,299,454		1,555,414,607
Other components of equity		-		-
Equity attributable to owners of the parent		5,523,144,934		5,173,260,087
Non-controlling interests		[1,066,423]		[1,086,439]
Total equity		5,522,078,511		5,172,173,648
Total liabilities and equity	₩	7,829,265,222	₩	7,950,843,662

Incheon International Airport Corporation and its subsidiaries
Consolidated statements of profit or loss and other comprehensive income

For the years ended December 31, 2013 and 2012

(Korean won in thousands, except per share amounts in units)

	2013		2012	
Revenue	₩	1,686,087,790	₩	1,668,341,333
Cost of sales		(749,583,979)		(758,654,955)
Gross profit		936,503,811		909,686,378
Selling and administrative expenses		(115,840,552)		(100,441,313)
Operating profit		820,663,259		809,245,065
Other operating income		1,839,189		139,806
Other operating expenses		(13,486,185)		(21,647,166)
Other profit (loss)		(34,805,503)		12,289,758
Finance income		10,450,354		20,195,233
Finance costs		(78,861,741)		(128,248,133)
Share of profit to associates and joint ventures		-		1,683,150
Profit before income tax		705,799,373		693,657,713
Income tax expense		(233,676,503)		(167,963,900)
Profit for the year	₩	472,122,870	₩	525,693,813
Other comprehensive income:				
Other comprehensive income not to be reclassified to profit for the year				
Re-measurement gain on defined benefit plans		2,624,538		1,155,519
Other comprehensive income to be reclassified into profit for the year				
Unrealized loss on valuation of equity method investment		-		(169,084)
		2,624,538		986,435
Total comprehensive income for the year, net of tax	₩	474,747,408	₩	526,680,248
Profit attributable to:				
Equity holders of the parent		472,102,822		525,646,206
Non-controlling interests		20,048		47,607
	₩	472,122,870	₩	525,693,813
Total comprehensive income attributable to:				
Equity holders of the parent		474,727,392		526,633,303
Non-controlling interests		20,016		46,945
	₩	474,747,408	₩	526,680,248
Earnings per share:				
- Basic, profit for the year attributable to ordinary equity holders of the parent	₩	652	₩	726
- Diluted, profit for the year attributable to ordinary equity holders of the parent	₩	652	₩	726

Incheon International Airport Corporation and its subsidiaries
Consolidated statements of changes in equity

For the years ended December 31, 2013 and 2012

(Korean won in thousands)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
As of January 1, 2012	₩ 3,617,845,480	₩ 1,104,402,242	₩ 169,084	₩ 4,722,416,806	₩ (1,133,384)	₩ 4,721,283,422
Profit for the year	-	525,646,206	-	525,646,206	47,607	525,693,813
Re-measurement loss on defined benefit plans	-	1,156,181	-	1,156,181	(662)	1,155,519
Unrealized loss on valuation of equity method investments	-	-	(169,084)	(169,084)	-	(169,084)
Total comprehensive income for the year, net of tax	-	526,802,387	(169,084)	526,633,303	46,945	526,680,248
Dividends	-	(75,790,022)	-	(75,790,022)	-	(75,790,022)
Others	-	-	-	-	-	-
As of December 31, 2012	₩ 3,617,845,480	₩ 1,555,414,607	₩ -	₩ 5,173,260,087	₩ (1,086,439)	₩ 5,172,173,648
As of January 1, 2013	₩ 3,617,845,480	₩ 1,555,414,607	₩ -	₩ 5,173,260,087	₩ (1,086,439)	₩ 5,172,173,648
Profit for the year	-	472,102,822	-	472,102,822	20,048	472,122,870
Re-measurement loss on defined benefit plans	-	2,624,570	-	2,624,570	(32)	2,624,538
Total comprehensive income for the year, net of tax	-	474,727,392	-	474,727,392	20,016	474,747,408
Dividends	-	(124,842,545)	-	(124,842,545)	-	(124,842,545)
As of December 31, 2013	₩ 3,617,845,480	₩ 1,905,299,454	₩ -	₩ 5,523,144,934	₩ (1,066,423)	₩ 5,522,078,511

Incheon International Airport Corporation and its subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2013 and 2012

(Korean won in thousands)

	2013	2012
Operating activities		
Profit for the year	₩ 472,122,870	₩ 525,693,813
Adjustments to reconcile profit for the year to net cash flows		
Income tax expense	233,676,503	167,963,900
Adjustments to finance costs	67,825,466	103,420,035
Depreciation of property, plant and equipment and amortization of intangible assets	247,344,481	256,677,493
Allowance for doubtful accounts and bad debt	6,616,476	6,103,025
Reversal of provision for doubtful accounts and bad debt	680,144	1,795,005
Foreign currency translation loss (gain), net	787,161	(7,082,843)
Loss (gain) on valuation of derivative instrument and others	(837,013)	8,888,553
Other loss in non-cash accounts	(25,580,233)	(34,537,119)
Loss on disposal of non-current assets	151,136	1,922,308
Other accounts included in cash flows from investing or financing activities	1,074,519	5,023,125
Other profit, net	5,822,952	7,136,784
Changes in operating assets and liabilities		
Increase in Inventories	(2,908,953)	(2,308,876)
Decrease (increase) in trade and other receivables	1,526,070	(19,328,631)
Increase in other receivables relating to operating activities	(17,818,193)	(5,710,431)
Decrease trade payables	(2,839,964)	(378,995)
Increase (decrease) in Other payables relating to operating activities	(2,895,292)	12,115,680
Cash flows from operating activities	984,748,130	1,027,392,826
Income tax paid	(260,025,101)	(182,178,466)
Net cash flows from operating activities	724,723,029	845,214,360

(Korean won in thousands)

	2013	2012
Investing activities		
Acquisition of a subsidiary	-	(199,839,023)
Proceeds from investments in associates and joint ventures	-	20,491,237
Proceeds from disposal of property, plant and equipment	746,105	561,348
Acquisition of property, plant and equipment	(233,040,056)	(175,224,216)
Acquisition of intangible assets	(1,301,794)	(1,933,378)
Acquisition of investment property	-	(1,500,714)
Acquisition of available-for-sale financial investments	(328,125)	(1,439,063)
Proceeds from disposal of held-to-maturity financial assets	33,540	83,030
Proceeds from disposal of other non-current assets	-	-
Increase in loans and prepaid payments to 3rd parties	(114,305)	(119,011)
Decrease in loans and prepaid payments to 3rd parties	80,138	42,646
Dividends received	1,099,343	3,512,161
Interest received	6,191,777	6,457,623
Others	145,973,499	(114,485,555)
Net cash flows used in investing activities	(80,659,878)	(463,392,915)
Financing activities		
Proceeds from borrowings	4,000,000	454,034,936
Repayment of borrowings	(272,464,966)	(359,129,977)
Proceeds from debentures	90,000,000	320,000,000
Repayment of debentures	(283,555,000)	(695,607,198)
Dividends paid	(124,842,546)	(75,790,022)
Interest paid	(52,831,196)	(78,807,315)
Others	(6,131,352)	(11,338,746)
Net cash flows used in financing activities	(645,825,060)	(446,638,322)
Net effect of foreign exchange differences in cash and cash equivalents	(1,761,909)	(64,816,877)
Decrease in cash and cash equivalents	(1,761,909)	(64,816,877)
Cash and cash equivalents at the beginning of the year	7,850,052	72,666,930
Cash and cash equivalents at the end of the year	₩ 6,088,143	₩ 7,850,053

Independent auditors' report



The Board of Directors and Stockholder
Incheon International Airport Corporation

We have audited the accompanying consolidated financial statements of Incheon International Airport Corporation (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2013 and 2012 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statement based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

ERNST&YOUNG HAN YOUNG

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Incheon International Airport Corporation and its subsidiaries as at December 31, 2013 and 2012 and the results of its financial performance and cash flows for the years then ended in accordance with Korean International Financial Reporting Standards (KIFRS).

As mentioned in the preceding paragraph, we have conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea which may vary among countries. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those who are knowledgeable about Korean auditing standards and their application in practice.

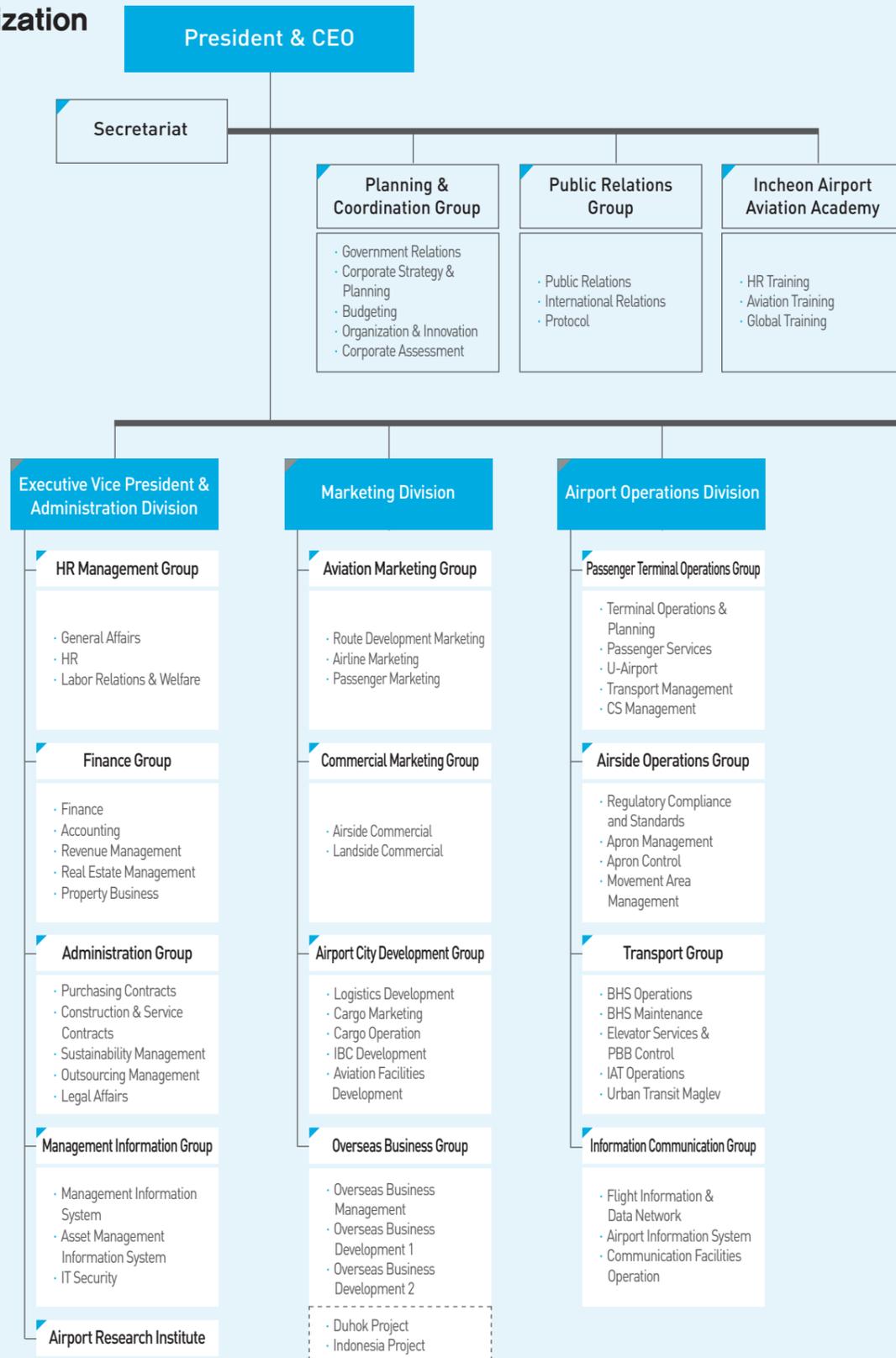
March 17, 2014

CEO **Kwon Seung-hwa**

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This audit report is effective as of March 17, 2014, the independent auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Organization





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